

AMENDED IN SENATE MAY 26, 2006

AMENDED IN SENATE MAY 9, 2006

AMENDED IN SENATE APRIL 27, 2006

AMENDED IN SENATE APRIL 17, 2006

## SENATE BILL

**No. 1424**

**Introduced by Senator Figueroa**

*(Principal coauthor: Assembly Member Lieu)*

February 22, 2006

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An act to amend Section 10529 of the Unemployment Insurance Code, relating to economic development.

### LEGISLATIVE COUNSEL'S DIGEST

SB 1424, as amended, Figueroa. The California Workforce and Economic Information Program: administration: report.

Existing law provides for the California Workforce and Economic Information Program which requires the Employment Development Department, in coordination with specified state agencies, to provide workforce and economic information that provides data and information regarding the state's economic growth, identifies information from various state databases to provide statewide analysis and products, and provides technical assistance related to accessing workforce and economic information to specified local agencies and private entities.

This bill would require the Employment Development Department to provide data and information to the California Commission on Industrial Innovation for assessment of the manufacturing sector, as described. This bill would require the department to ~~convene~~ *consult*, at least annually, *with* an advisory committee, comprised of specified

individuals, to solicit input ~~in~~ on the operation of the California Workforce and Economic Information Program. This bill would require the department to publish a ~~biannual~~ *biennial* report, beginning on or before December 7, 2007, on the status of manufacturing in California, as described. This bill would make findings and declarations regarding the importance of manufacturing to the state's economy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. The Legislature hereby finds and declares all of  
2     the following:  
3     (a) From January 1990 to September 2003, California lost  
4     nearly 400,000 manufacturing jobs. The proportion of total state  
5     employment represented by manufacturing in California dropped  
6     from 15.9 percent to 10.9 percent during the same period.  
7     Productivity improvements and wage competition in other parts  
8     of the world accounted for most of the job loss.  
9     (b) The core of California's competitive manufacturing  
10    advantage in the future is the use of new materials and processes,  
11    such as nanotechnology and Micro Electro Mechanical Systems  
12    (MEMS), applied through advanced manufacturing techniques to  
13    produce innovative products that are moved across global  
14    electronic and surface trade links to customers anywhere in the  
15    world. Information technology penetrates and ties together every  
16    element of this process.  
17    (c) An innovative, highly trained workforce skilled in  
18    technical and applied uses of advanced technologies generates a  
19    firm's competitive advantage. These technologies are moving  
20    from the laboratory into manufacturing. The state or nation  
21    assuming a leadership role in this new form of manufacturing  
22    will dominate the industrial revolution that is already under way.  
23    (d) California's skilled labor force is aging, with a substantial  
24    number retiring over the next 5 to 10 years. California must  
25    equip entry level workers as well as provide retraining for  
26    midcareer professionals in order to optimize the state's valuable  
27    human resources.

1 (e) A new multiethnic workforce is emerging that will need to  
2 be trained in technology related skills and learn manufacturing  
3 techniques. ~~Over 60,000 Latinos and Hispanics passed the high~~  
4 ~~school math and English exit exams in 2005 and are ready to be~~  
5 ~~trained for manufacturing jobs, or to go on to higher education.~~  
6 ~~techniques.~~ New manufacturing jobs generated by ~~this wave of~~  
7 startup companies that emerge from research at national labs and  
8 universities will require more advanced skill sets than those that  
9 were required for ~~prior increased waves of~~ manufacturing jobs at  
10 startup companies.

11 (f) Technology transfer, innovative available venture capital,  
12 and entrepreneurial skills are key to the continuous emergence of  
13 small new companies. These companies produce the technology  
14 and jobs of the future. This bounty must be moved into  
15 manufacturing operations in California.

16 (g) Biotechnology, nanotechnology, and advanced  
17 manufacturing plants in industries, including, but not limited to,  
18 aerospace, computers, and food processing are generally capital  
19 intensive and benefit from strategic public and private  
20 partnerships to ensure California's sustained leadership and  
21 competitiveness in these new markets and bring investments  
22 back to our state.

23 (h) Logistics are integrated into successful manufacturing  
24 operations and infrastructure is critical to manufacturing  
25 operations. The specialized needs of high value goods movement  
26 in the state and for exports from the state need to be addressed.  
27 Manufacturing operations must have a plentiful and consistent  
28 supply of water, electric power, and natural gas.

29 (i) California must consolidate its leadership role in the  
30 advancement of science and technology, and in the new forms of  
31 manufacturing embedded in the emerging knowledge revolution.  
32 To achieve that leadership in emerging technologies, California  
33 must accelerate the commercialization of the research conducted  
34 at universities and federally funded research centers in  
35 California.

36 (j) In order to ensure California secures and protects its  
37 capacity to reap the maximum economic benefits, including high  
38 wage employment, ~~through informed planning,~~ there needs to be  
39 a coordinated effort among state agencies and the private sector  
40 to collect and interpret the most current data available that will

1 provide a comprehensive picture of the current status and future  
2 trends in the manufacturing sector of our economy.

3 SEC. 2. Section 10529 of the Unemployment Insurance Code  
4 is amended to read:

5 10529. (a) The services provided by the existing labor  
6 market information system within the department shall include  
7 workforce and economic information that does all of the  
8 following:

9 (1) Provides data and information to the state Workforce  
10 Investment Board created pursuant to Section 2821 of Title 29 of  
11 the United States Code, to enable the board to plan, operate, and  
12 evaluate investments in the state's workforce preparation system  
13 that will make the California economy more productive and  
14 competitive.

15 (2) Provides data and information to the California Economic  
16 Strategy Panel for continuous strategic planning and the  
17 development of policies for the growth and competitiveness of  
18 the California economy.

19 (3) Identifies and combines information from various state  
20 databases to produce useful, geographically based analysis and  
21 products, to the extent possible using existing resources.

22 (4) Provides technical assistance related to accessing  
23 workforce and economic information to local governments,  
24 public-sector entities, research institutes, nonprofit organizations,  
25 and community groups that have various levels of expertise, to  
26 the extent possible using existing resources.

27 (5) Provides data and information to the California  
28 Commission on Industrial Innovation for continuous assessment  
29 of the manufacturing sector of the state's economy and its  
30 competitive position relative to other states and countries.

31 (b) The department shall coordinate with the State Department  
32 of Education, the Chancellor of the California Community  
33 Colleges, the State Department of Social Services, the California  
34 Postsecondary Education Commission, the Department of  
35 Finance, and the Franchise Tax Board in developing economic  
36 and workforce information. The department shall also solicit  
37 input ~~in~~ on the operation of the program from public and private  
38 agencies and individuals that make use of the labor market  
39 information provided by the department.

1 (c) The department shall ~~convene~~ *consult with*, at least once a  
2 year, an advisory committee to solicit input on the operation of  
3 the program. The advisory committee shall be comprised of  
4 members who represent, equally, the following primary customer  
5 groups:

6 (1) Private sector entities, including, but not limited to, trade  
7 associations and organizations and organizations representing  
8 growth industry clusters, including industries like software  
9 manufacturing, nanotechnology, biotechnology, and information  
10 technology.

11 (2) Professional individuals or groups who use economic and  
12 workforce information, including, but not limited to, local  
13 one-stop career center operators, educators, career counselors,  
14 organized labor groups, and economic developers.

15 (3) Individuals and organizations involved in public policy  
16 research and development, including, but not limited to, local  
17 workforce investment boards, research institutions, and regional  
18 collaboratives.

19 (d) The department shall issue a ~~biannual~~ *biennial* report,  
20 beginning on or before December 1, 2007, on the status of  
21 manufacturing in California. The report shall include, but is not  
22 limited to, the following:

23 ~~(1) The annual average number of employees in the state in~~  
24 ~~each of three classes for subsectors 3111 to 3339, inclusive, of~~  
25 ~~the North American Industry Classification System (NAICS), as~~  
26 ~~reported by taxpayers.~~

27 ~~(2) The median wage paid statewide in each of the three~~  
28 ~~classes for subsectors 3111 to 3339, inclusive, of the NAICS, as~~  
29 ~~reported by taxpayers.~~

30 ~~(3) The total employment and wages paid nationally and~~  
31 ~~statewide for subsectors 3111 to 3339, inclusive, of the NAICS.~~

32 *(1) The total employment and wages paid nationally and*  
33 *statewide for subsectors 3111 to 3399, inclusive, of the North*  
34 *American Industry Classification System (NAICS).*

35 *(2) The number of small, medium, and large manufacturers*  
36 *nationally and statewide.*

37 *(3) Projected employment in manufacturing and for selected*  
38 *occupations in manufacturing, nationally and statewide.*

39 *(4) Occupational staffing patterns in selected manufacturing*  
40 *subsectors statewide.*

1     ~~(4)~~

2     (5) A comparison of national and statewide economic  
3 indicators including, but not limited to, productivity trends,  
4 ~~industry trends~~, expenditure on new production technology and  
5 information technology, the number of small, medium, and large  
6 manufacturers, *and* the rate of formation and closure of firms;  
7 ~~and the number of firms moving out of the state and their total~~  
8 ~~employment..~~

9     ~~(5)~~

10    (6) Findings from ~~biannual~~ *biennial* surveys of large and small  
11 employers in the manufacturing sector that assess the concerns,  
12 about manufacturing processes and energy costs, the skill levels  
13 of workers and potential workers in the industry, costs and  
14 availability of training resources for workers, levels of  
15 outsourcing and insourcing, productivity measures, and market  
16 competition.

17    ~~(6)~~

18    (7) The number of new manufacturing firms created, the  
19 number of firms disbanded or leaving the state, the number of  
20 new manufacturing facilities and jobs created by California  
21 companies that expand within the state, the number of new  
22 manufacturing facilities and jobs lost from expansions outside of  
23 the state, the rate of manufacturing skill development, the rate of  
24 manufacturing productivity, *and* the need for more or fewer  
25 manufacturing employees as driven by productivity changes, ~~and~~  
26 ~~the ongoing success rates of manufacturers over time..~~

27    ~~(7) The three classes, for the purposes of the report required by~~  
28 ~~this subdivision, are:~~

29    ~~(A) Low wage, which includes employees who earn between~~  
30 ~~zero dollars (\$0) and thirty thousand dollars (\$30,000) a year.~~

31    ~~(B) Medium wage, which includes employees who earn~~  
32 ~~between thirty thousand one dollars (\$30,001) and sixty thousand~~  
33 ~~dollars (\$60,000) a year.~~

34    ~~(C) High wage, which includes employees who earn sixty~~  
35 ~~thousand one dollars (\$60,001) or more a year.~~

36    (e) The department may contract with outside parties for the  
37 preparation of *sections* of the report required by *paragraphs* (5),  
38 (6), *and* (7) of subdivision (d) and, in addition to expending  
39 existing resources applicable to creating and publishing the  
40 ~~biannual~~ *biennial* report, may request the California Commission

1 on Industrial Innovation for disbursement of funds from the  
2 Industrial Innovation Fund, in accordance with Section 12095.52  
3 of the Government Code. The department shall complete only  
4 those portions of the report for which funds are available and  
5 may contract with other state agencies using any available federal  
6 and state funds in order to facilitate the production of the report.

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